KNIGHTSBRIDGE ADVISORY

INDEPENDENT RESEARCH | CAPITAL MARKETS INTEGRITY

A Capital-Markets Construct In Quantum Clothing

The IonQ Wrapper: An Anatomy

"A great deal of what passes for innovation in the public markets is, on closer inspection, a financing technique. The technology is incidental. The structure is the product."

— Editorial introduction, Knightsbridge Advisory

TICKER	NYSE: IONQ
SUBJECT	IonQ, Inc.
FORMAT	Independent Research | Opinion Only
DATE	May 10, 2026
AUTHOR	Knightsbridge Advisory

This document is published independently. Knightsbridge Advisory holds no position, long or short, in the securities discussed. The contents are opinion based on publicly available information and reasoned inference, and are offered in service of capital-markets transparency. Nothing herein constitutes investment, legal, or tax advice. Read the full disclaimer on the final page.

Executive Summary

The first thing one notices, on close examination, is that the company is no longer organising itself as the thing it is being sold as.

IonQ, Inc. has, over the trailing eighteen months, completed a quiet metamorphosis. The entity that came public in 2021 as a "pure-play trapped-ion quantum computing company" now describes itself, in its own Q1 2026 release, as a *quantum platform and merchant supplier* spanning computing, networking, sensing, and security. It has, in roughly one year, acquired or agreed to acquire Oxford Ionics, Capella Space, Lightsynq, Qubitekk, a controlling stake in ID Quantique, Vector Atomic, Skyloom, Seed Innovations, and SkyWater Technologies. The pending SkyWater transaction — valued at approximately $1.8 billion — would, on close, make IonQ a majority-revenue semiconductor foundry business with a quantum research effort attached. This is not, by any conventional reading, what investors believe they own.

The Knightsbridge Thesis

IonQ has become a **capital-markets construct** whose premium equity multiple functions as an operating input rather than an output. The company uses richly-valued paper to acquire lower-multiple, more legible businesses; consolidates their revenue under a "quantum" banner; and presents the result to investors as evidence of commercial traction in a frontier technology. The science remains real. The economic object built around it does not match the marketed identity.

The body of this report develops six observable patterns that, taken together, support the thesis: **(1)** acquired businesses contributed approximately 39% of FY2025 revenue and three customers represented 53% (per the company's own 10-K); **(2)** a substantial majority of FY2022–FY2024 revenue traced to Pentagon contracts funded through Congressional "program increases" the Department of Defense itself never requested; **(3)** IonQ booked the full "Total Contract Value" of two AFRL contracts notwithstanding that only smaller "Action Obligation" amounts were appropriated, then eliminated bookings as a metric when the ceilings went unfunded; **(4)** the $22M EPB Chattanooga "sale" was, per local reporting, two-thirds self-financed by IonQ with the balance from federal earmarks; **(5)** DARPA's Quantum Benchmarking Initiative did not advance IonQ from Stage A to Stage B — it advanced Oxford Ionics, which IonQ subsequently acquired for $1.6B in stock; **(6)** eight insiders sold or executed Rule 10b5-1 plans covering $396.6M in a four-day window in March 2025 that coincided precisely with Congressional passage of the appropriations defunding their largest contracts.

The Fiduciary Question

IonQ is held by Vanguard Total Stock Market ETF, the iShares Russell 2000 Growth ETF, the Defiance Quantum ETF, and the WisdomTree Quantum Computing Fund, among others. Tens of millions of Americans hold this security through retirement accounts, target-date structures, and thematic baskets without having chosen it. **If this company were not called "quantum," would it survive the screen any sober fiduciary applies to every other holding meant for ordinary people?** We believe the answer is no. The remainder of this report explains why, with the underlying documents cited in full.

1. The Revenue Question: What Is Actually Being Sold?

> *It is the oldest trick in finance: take a frontier label, attach it to ordinary revenue, and let the multiple do the rest.*

The casual investor, glancing at IonQ's reported financials, encounters a number that suggests rapid commercial momentum: Q1 2026 revenue of **$64.7 million**, growing 755% year-over-year. Full-year 2026 guidance has been raised to **$260–270 million**. By the standard heuristic of "revenue growth equals product-market fit," the picture is one of a frontier technology emerging into the commercial market.

A more careful reading of IonQ's own filings produces a different picture entirely.

1.1. What IonQ Itself Discloses

The company's 2025 Annual Report on Form 10-K contains two disclosures that, taken together, fundamentally alter the interpretation of its top line. We quote from the document directly:

- Businesses acquired during 2025 represented **approximately 39% of consolidated 2025 revenue.**
- **Three significant customers accounted for 53% of total 2025 revenue.**

These are not interpretations. They are the company's own numbers, contained in the audited filings on which retail investors are entitled to rely. They tell us that:

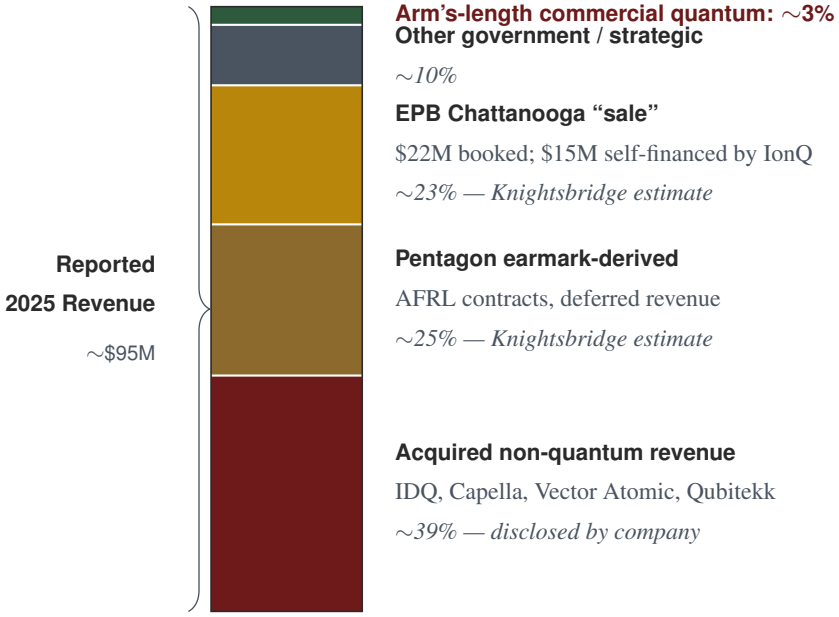
1. More than a third of 2025 revenue did not exist on IonQ's income statement at the start of the year. It was *purchased* via stock-funded acquisitions of unrelated businesses — ID Quantique (quantum key distribution), Capella Space (synthetic aperture radar satellite imagery), Vector Atomic (atomic clocks), and others. None of these businesses sells quantum computers. They sell adjacent products that benefit from being rebadged under a quantum banner.
2. More than half of 2025 revenue depended on three counterparties. The identities of the three are not disclosed in detail, but the addressable universe of plausible candidates is small: government agencies, sovereign research institutions, and a handful of strategic partners. This is not the customer profile of a business with broad-based commercial demand. It is the profile of a business sustained by a small number of buyers with unusual incentives.

1.2. A Decomposition of the 2025 Revenue Line

Drawing on IonQ's quarterly disclosures, the Wolfpack Research analysis of FPDS contract data, and the company's own acquisition disclosures, we construct the following decomposition. Where exact figures are unavailable, we provide our reasoned estimate; the directional conclusion does not depend on small variations.

2025 Consolidated Revenue: A Decomposition

Estimated allocation of approximately $95M reported full-year 2025 revenue



Sources: IonQ 2025 10-K (acquired revenue %, customer concentration); Wolfpack Research (Feb 2026); FPDS contract data; Times Free Press (EPB Chattanooga reporting). Allocations within "Pentagon-derived" and "EPB" categories represent Knightsbridge inferential estimates from triangulating disclosed line items.

1.3. What This Means in Plain Language

If the analysis is even directionally correct, then the answer to the question *"how much of IonQ's revenue actually comes from customers paying market prices for quantum computing services?"* is, charitably, in the low single digits as a percentage of the consolidated total — and possibly less.

Everything else is one of three things: (i) revenue from acquired businesses that sell adjacent technologies and would trade at 2–4× sales as standalone enterprises; (ii) revenue from Congressional earmark contracts that the Department of Defense itself never requested; or (iii) a self-financed transaction structured to appear as a sale.

> *The arbitrage on offer is not technological. It is the spread between the multiple at which adjacent revenue trades when called "satellite imagery" and the multiple at which the same revenue trades when consolidated under a quantum banner.*

This is not a debate about whether IonQ has revenue. It plainly does. The debate is about what the revenue *is*, and whether the marketed identity — "leading commercial quantum computing company" — matches the underlying economic object. We submit it does not.

2. The Earmark Architecture: How Pentagon "Validation" Was Manufactured

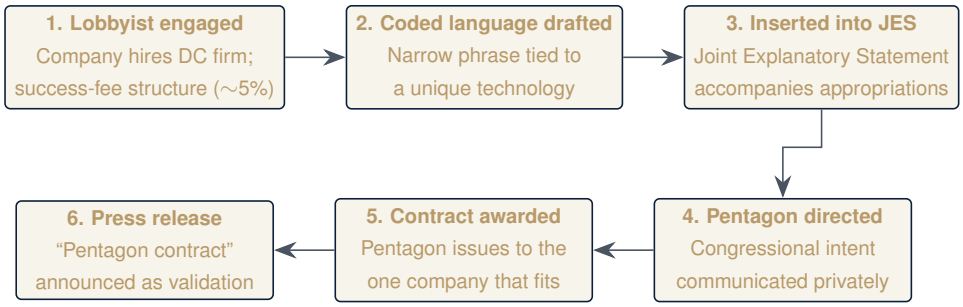
> *There is a process by which Congressional patronage is laundered into the appearance of competitive procurement, and IonQ is, on the public record, an exemplar of that process.*

The bullish thesis on IonQ has, for years, leaned on a single load-bearing claim: that the U.S. Department of Defense has chosen IonQ's trapped-ion architecture as a strategic priority. Pentagon contracts have been presented in earnings calls and press releases as third-party technical validation. This framing has done enormous work in supporting the company's premium multiple. The public record tells a substantially different story.

2.1. The Mechanism

The DoD maintains an annual research, development, test, and evaluation budget of approximately $154 billion. Within it, Congress maintains a discretionary cash pool used to direct spending toward projects the Pentagon itself has not requested. In FY2024 this pool reached **$7.2 billion across 905 directed projects**, per Taxpayers for Common Sense.

The mechanism by which a private company secures access to these funds is described in the literature as a "backdoor earmark." The process operates as follows:

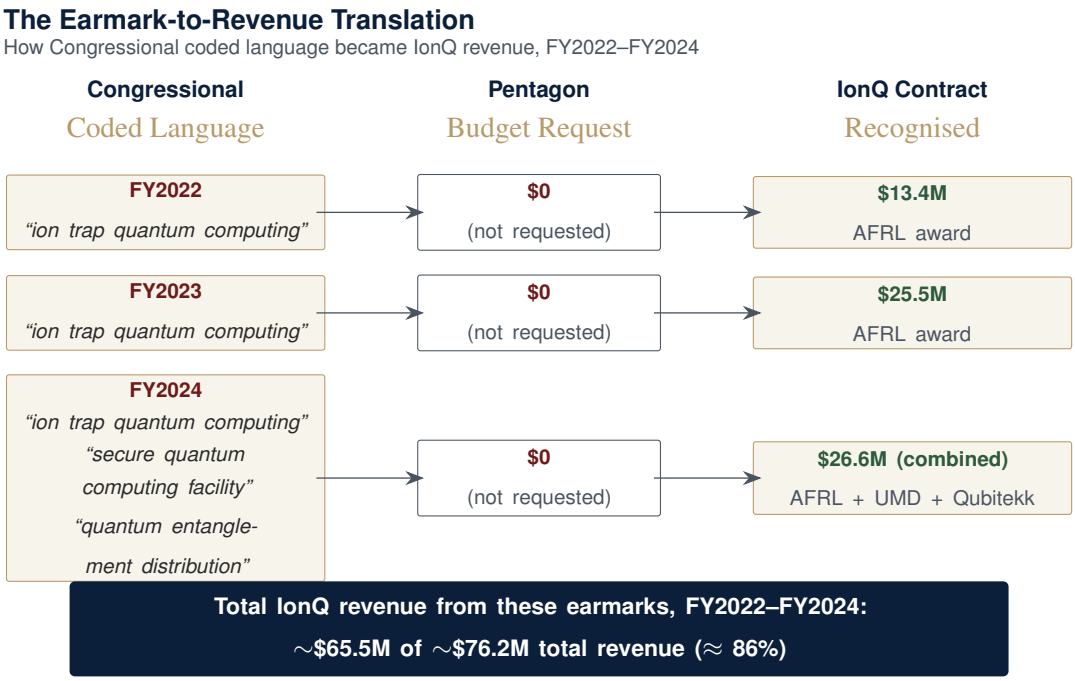

1. Lobbyist engaged
Company hires DC firm; success-fee structure (~5%)
2. Coded language drafted
Narrow phrase tied to a unique technology
3. Inserted into JES
Joint Explanatory Statement accompanies appropriations
4. Pentagon directed
Congressional intent communicated privately
5. Contract awarded
Pentagon issues to the one company that fits
6. Press release
"Pentagon contract" announced as validation

The result: a contract that appears, to public-market investors, to have been won through competitive procurement. The Pentagon's own budget request never contained the line item.

The opacity of the mechanism is by design. Lawmakers' names do not appear in the appropriations documents. The recipient company's name does not appear. Only a coded phrase — often referencing a unique or patented technology — signals which entity the funds are intended for. *Roll Call* has reported that more than 92% of these directed projects are sponsored anonymously, in contrast to traditional pork-barrel earmarks that require public sponsor disclosure.

2.2. The IonQ Translation: FY2022 Through FY2024

Drawing on Joint Explanatory Statement language, FPDS contract records, and public lawmaker statements, the translation from Congressional coded phrase to IonQ revenue can be reconstructed across three fiscal years. The pattern is consistent and difficult to characterise as coincidence.



Verification. Each row in the table can be independently reconstructed from public sources: the Joint Explanatory Statement of the relevant appropriations bill (showing the coded phrase and its dollar value); the Pentagon's R-1 budget exhibit (showing the absence of any corresponding budget request); and the FPDS contract entry (showing the resulting IonQ award referencing essentially identical language). We do not present novel evidence; we present the evidence in a form that allows a reasonable observer to draw the obvious inference.

2.3. What Happened in March 2025

On November 5, 2024, control of the U.S. House of Representatives shifted, and the political relationships that had supported these earmarks lost their grip on the appropriations process. On March 11–14, 2025, Congress passed the FY2025 Continuing Resolution. The Joint Explanatory Statement contained no funding for any of IonQ's prior earmark phrases. The largest direct contract in IonQ's history — the $54.5 million AFRL Ion Trap Quantum Computing award announced in September 2024 — had been booked at its full "Total Contract Value" even though only $11.989 million had been Congressionally appropriated. The remaining $42.5 million was an option contingent on future appropriations that did not arrive.

The Booking Distinction Management Did Not Explain

Federal contracts contain two separate dollar amounts: an *Action Obligation* (the amount Congress has actually appropriated and the government is bound to pay) and a *Total Contract Value* (a ceiling representing the contract's potential value if all options are exercised, contingent on future appropriations). IonQ booked the ceilings. When the ceilings went unfunded, the company eliminated bookings as a disclosure metric rather than restate. This is documented in the FPDS records and in the company's own subsequent disclosures.

The FY2026 budget, signed February 3, 2026, contained no funding for IonQ's largest contract for a second consecutive year. Only the smaller Qubitekk earmark was renewed — and Qubitekk had been a separate company

until IonQ acquired it for $22 million in late December 2024, one week after Qubitekk had received its own backdoor-earmarked AFRL contract.

The company has not, to our knowledge, publicly explained any of this to investors.

3. The EPB Chattanooga Structure: A Sale That Was Not A Sale

> *The cleanest test of a commercial customer is whether they paid for the product. By that test, EPB Chattanooga is not a customer.*

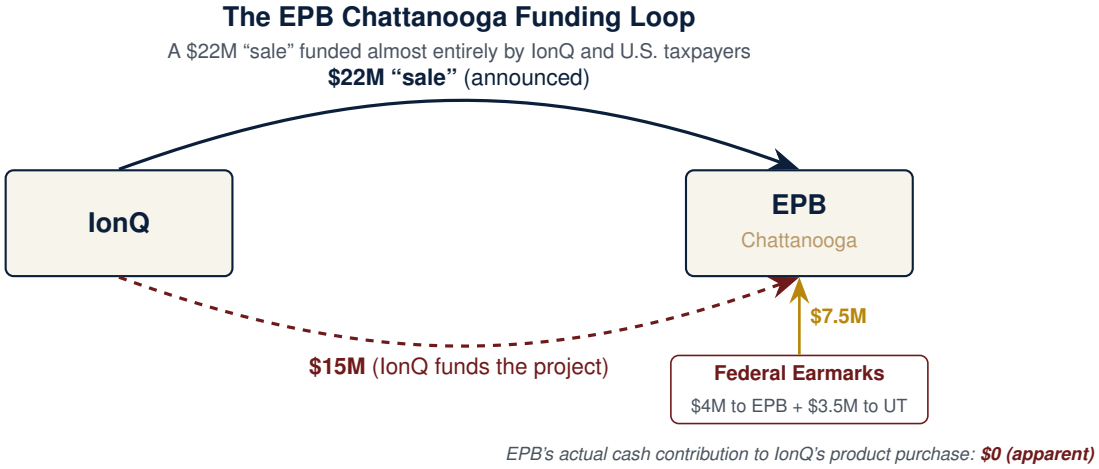
On April 25, 2025, IonQ announced a news-pending trading halt and disclosed a $22 million transaction with EPB Chattanooga — a municipally-owned electric utility and internet provider in Tennessee — to build a "quantum innovation center." On the Q1 2026 earnings call, CEO Niccolo de Masi described the transaction as follows:

> *"We are all proud that in Q1, we sold a Forte Enterprise system to EPB of Chattanooga, Tennessee … Last month, EPB **purchased** half of the compute capacity of a Forte Enterprise system for $22 million, bringing our latest quantum computer to their city and customers."*

The natural reading is that EPB, a sophisticated municipal entity, evaluated quantum computing options and chose to spend $22 million of its own funds on IonQ's product. This reading would, in turn, be evidence of arm's-length commercial demand — precisely the evidence the company's valuation requires.

Local reporting, public Congressional records, and the absence of corresponding disclosure in IonQ's filings tell a different story.

According to reporting in the *Times Free Press* (Chattanooga's regional newspaper), the funding for the $22M project was structured as follows:


The EPB Chattanooga Funding Loop
A $22M "sale" funded almost entirely by IonQ and U.S. taxpayers
$22M "sale" (announced)
IonQ
EPB
Chattanooga
$7.5M
$15M (IonQ funds the project)
Federal Earmarks
$4M to EPB + $3.5M to UT
EPB's actual cash contribution to IonQ's product purchase: $0 (apparent)

The anatomy:

- **IonQ books** a $22 million "sale" to EPB, which management describes on the earnings call as a purchase by EPB.
- **IonQ contributes** $15 million toward the project — approximately 68% of the total — according to local reporting. This contribution is not disclosed in IonQ's announcement, earnings call commentary, or Form 10-Q. We have located no disclosure of how, if at all, this self-financing was accounted for in revenue recognition.
- **Federal earmarks contribute** $7.5 million via Community Project Funding awards: $4 million directly to EPB for the "EPB Quantum Network" and $3.5 million to the University of Tennessee to participate in "the EPB Quantum Network in Chattanooga." Both earmarks were sponsored by Tennessee Congressman Chuck Fleischmann.
- **EPB's own cash contribution** to the IonQ purchase, on the basis of the public record, appears to round to zero.

3.1. Why This Matters

A booked sale is, in accounting terms, a number on a line. Whether it constitutes *evidence* of commercial demand depends entirely on whether the counterparty's decision to purchase reflects an arm's-length judgment that the product is worth the money paid. If the seller funds two-thirds of the transaction and federal earmarks fund the remaining third, the transaction is not a market signal — it is a marketing event with an invoice attached.

The Materiality Question

Through Q3 2025, IonQ reported $62.2M consolidated revenue. Strip out the $18.6M from acquired ID Quantique and Capella plus $10.6M of converted prior-period deferred revenue, and the residual "core quantum computing" line is approximately $33M. The $22M EPB transaction, if recognised in 2025, would represent roughly two-thirds of that residual. Without that single self-financed transaction, IonQ's organic quantum computing revenue would, by our estimate, be in the low double digits in millions for the entire YTD period.

We cannot determine from public disclosure exactly how the $22M was accounted for. We can observe: the company described it as a sale; local reporting indicates IonQ self-funded a majority of it; the remaining funding came from Congressional earmarks rather than EPB's own resources; and none of these structural facts have been disclosed by IonQ to the investing public.

4. The DARPA Signal and the Acquisition Cascade

> *When the most technically informed government agency in the field declines to advance you, you can either improve your technology or buy the people who did. IonQ chose the latter.*

The Defense Advanced Research Projects Agency (DARPA) is, by general consensus, the most technically

rigorous customer in the U.S. defense research apparatus. In 2024–2025, DARPA conducted the Quantum Benchmarking Initiative (QBI) — a multi-stage competition designed to identify the quantum computing approaches most likely to reach industrial utility within ten years.

QBI structure: **Stage A** — 18 companies, $1M each, six months to propose a concept that "could realistically reach industrial utility within the next 10 years." **Stage B** — successful Stage A entrants receive an additional $5M and one year for an R&D plan with risks and mitigations. **Stage C** — detailed design and fabrication.

4.1. The Result and the Reaction

Federal procurement records (FPDS) tell the following story across mid-2025:

- **IonQ** received its Stage A award ($1 million, final disbursement June 27, 2025). The contract option for additional funding was **not exercised.** IonQ did not directly advance to Stage B.
- **Oxford Ionics** — a U.K.-based trapped-ion competitor — received Stage A and **advanced to Stage B**, with a contract value increased to $6 million as recorded in FPDS on July 11, 2025.
- **IonQ's response** was not to publish the Stage A result. It was to acquire Oxford Ionics. The transaction was announced June 9, 2025 — weeks before Oxford Ionics' Stage B advancement was formally recorded in FPDS but plausibly after the outcome was informally known — and closed September 17, 2025, at a value of approximately $1.596 billion in IonQ stock.
- **In November 2025**, after the acquisition closed, DARPA announced its Stage B participants. IonQ appeared on the list. CEO de Masi issued a press release stating: *"We're honored to be selected for Stage B of DARPA's Quantum Benchmarking Initiative . . . IonQ is uniquely positioned to contribute practical insights and technical advancements to this initiative."*

What This Sequence Demonstrates

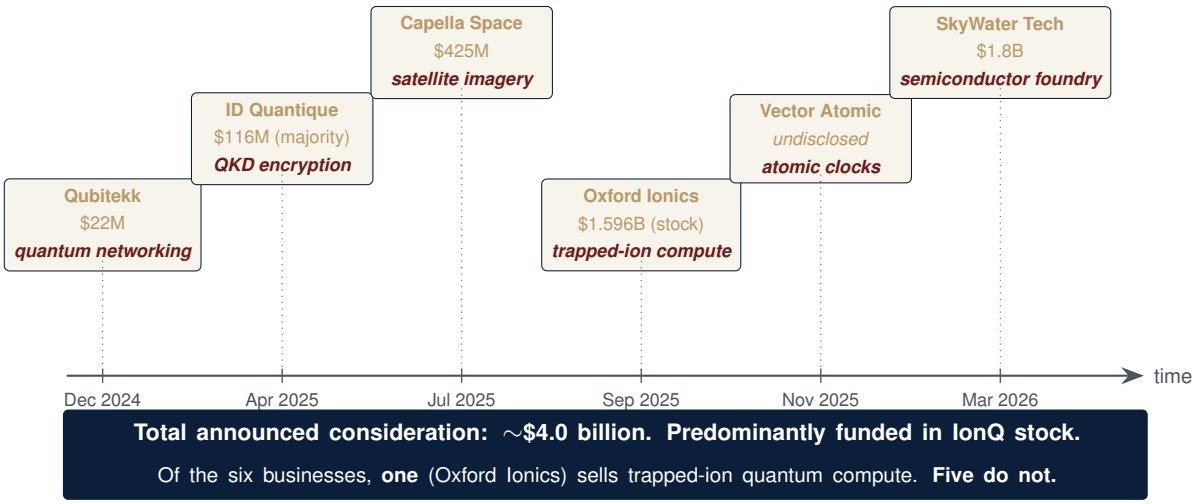
The most technically informed evaluator of quantum computing in the U.S. government, applying the lowest possible bar (a "concept" that "could realistically reach industrial utility" over a generous ten-year horizon), did not advance IonQ. IonQ then acquired the company that had advanced, in a near-all-stock transaction, and presented the acquired entity's accomplishment as its own. We struggle to construct a benign reading of this sequence.

4.2. The Acquisition Cascade

The Oxford Ionics transaction is not isolated. It is one node in a pattern of acquisitions executed across roughly twelve months, all funded substantially in IonQ stock, that have collectively transformed the consolidated entity into something fundamentally different from what was sold to investors at IPO.

The Acquisition Cascade

IonQ acquisitions, 2024 – 2026: from quantum compute to industrial conglomerate



4.3. The SkyWater Transaction: Where The Mask Slips

If the cumulative pattern admits debate, the proposed SkyWater Technologies acquisition does not. SkyWater is a U.S. semiconductor foundry. It manufactures chips. Its trailing-twelve-month revenue is approximately $346.6M on operating income of approximately $3.1M — the financial profile of a low-margin, capital-intensive, highly cyclical industrial business. If the SkyWater transaction closes at the announced $1.8 billion, the consolidated IonQ entity will be **majority semiconductor foundry by revenue** — SkyWater's $346.6M trailing dwarfs IonQ's standalone quantum compute revenue by an order of magnitude — materially exposed to CHIPS Act and industrial-policy dynamics, and reliant on customers who buy chips, not quantum computers.

The official narrative is "vertical integration": SkyWater's foundry will manufacture future quantum processing units. But IonQ does not yet have a commercial quantum processing unit at scale to integrate. The vertical integration framing applies to a business that does not yet exist; the actual revenue profile of the consolidated entity will be dominated by ordinary semiconductor manufacturing for years.

> *An entity calling itself a quantum computing company while consummating a $1.8 billion acquisition that makes it majority semiconductor foundry by revenue is engaged in a category mismatch that ought to be visible from the cheap seats.*

We note for completeness that SkyWater appears to have benefited from its own backdoor earmark for "radiation hardened fully-depleted silicon on insulator microelectronics," unfunded in FY2025 but renewed at $34.2M in FY2026. The earmark represents approximately 10% of SkyWater's TTM revenue but more than 10× its TTM operating income. SkyWater and IonQ shared the same Washington lobbying firm, Clark Street Associates, until that engagement ended in fee litigation. The pattern is consistent.

5. The March 2025 Insider Sales: A Question of Timing

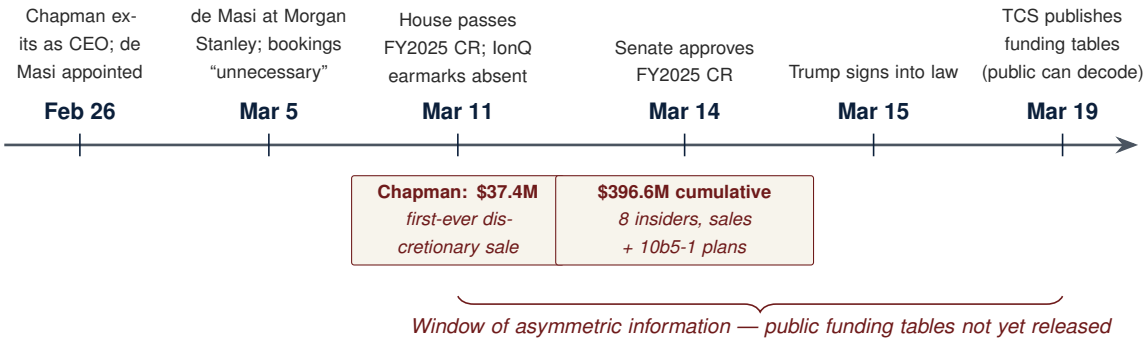
> *Eight officers of a public company adopting Rule 10b5-1 plans in unison, in a four-day window, coinciding precisely with the legislative event that destroyed their largest revenue source, is the kind of pattern statisticians describe as "low probability under the null hypothesis."*

We approach this section with deliberate caution. The legal definition of insider trading requires the possession of material non-public information; whether IonQ's officers possessed such information at the time of their March 2025 trades is a question for regulatory authorities with subpoena power, not for outside research. We do not allege wrongdoing. We observe that the temporal pattern is sufficiently striking to warrant explanation that has not been forthcoming.

5.1. The Sequence

March 2025: A Compressed Timeline

Insider sales coincident with the legislative event that defunded IonQ's contracts


Chapman ex-its as CEO; de Masi appointed
Feb 26
de Masi at Morgan Stanley; bookings "unnecessary"
Mar 5
House passes FY2025 CR; IonQ earmarks absent
Mar 11
Senate approves FY2025 CR
Mar 14
Trump signs into law
Mar 15
TCS publishes funding tables (public can decode)
Mar 19
Chapman: $37.4M first-ever dis-cretionary sale
$396.6M cumulative 8 insiders, sales + 10b5-1 plans
Window of asymmetric information — public funding tables not yet released

Cumulative insider sales / 10b5-1 plan adoptions, March 11–14: $396.6 million

Eight insiders. Four-day window. Public funding tables not available until at least March 19.

5.2. The Two Possible Explanations

There are, at the limit, two interpretations of this pattern, and they have very different implications.

Interpretation A: extraordinary coincidence. Eight insiders happened to choose the same four-day window for the largest stock dispositions of their tenures, with the executive chairman executing his first-ever discretionary sale on the precise day the House voted to defund the company's largest contract, on the basis of independent public-information assessments and lawful 10b5-1 plan adoptions in which no party possessed material non-public information.

Interpretation B: information asymmetry. The funding outcome was communicated to insiders — by lobbyists,

Congressional staff, or other intermediaries — in advance of the public release of the appropriations tables on March 19. Selling stock or adopting 10b5-1 plans on the basis of such information would, depending on circumstances, constitute insider trading.

What We Will Say and Will Not Say

We do not know which interpretation is correct. We do not allege Interpretation B. We observe that Interpretation A requires the reader to accept a pattern of coincidence sufficiently improbable that it is, in our judgment, more notable than the underlying earmark architecture itself. The Securities and Exchange Commission has the tools to determine which interpretation applies. The investing public does not. The disclosure record contains no explanation from the company.

The Rule 10b5-1 regulations were tightened in 2023 specifically to require insiders to certify that they do not possess material non-public information when adopting such plans. If those certifications were made in March 2025 by insiders who did possess MNPI, the protective shield those plans normally provide would not apply. We make no claim about whether such certifications were correct. We note only that the question is open and that, on the public record, no party has answered it.

6. The Scenarios: Where This Likely Goes

The investor's task is not to predict the future. It is to size the probabilities and decide whether the marketed identity is more likely correct than the alternative.

We close with a probabilistic framework. These are not price targets. They are business-state probabilities — estimates of the likelihood that, at given horizons, the underlying economic object will resemble each of three archetypes. We arrive at these estimates from IonQ's own filings, public press releases, federal procurement records, and the structural pattern documented in the preceding sections.

6.1. Three Archetypes

Knightsbridge Probability Grid

Business-state probabilities at each horizon. Not price targets.

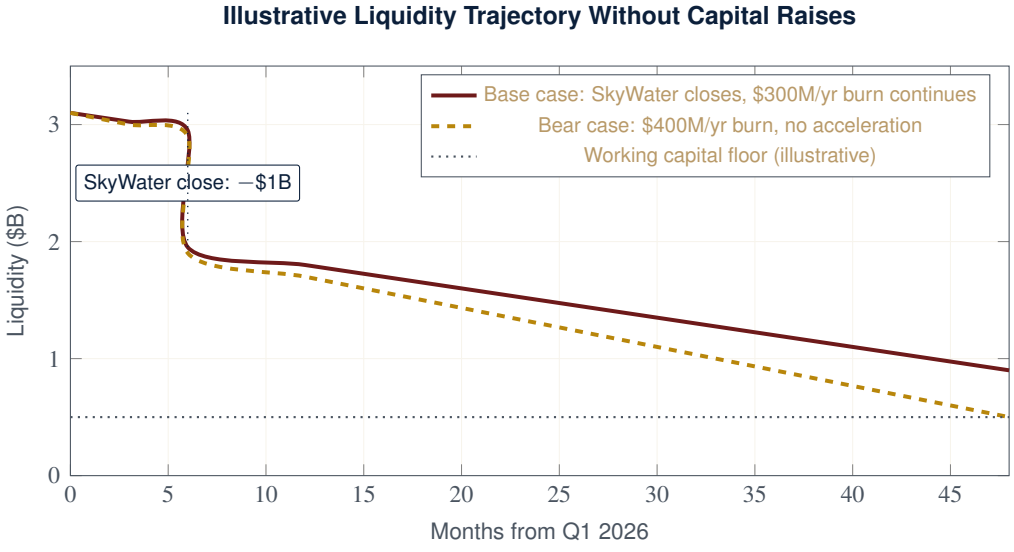
Horizon	Functional Pure-Play *Honest quantum company*	Scaffolded Construct *Bolt-on revenue + narrative*	Distress Bucket *"Extra Q on the ticker"*
12 months	3%	92%	5%
24 months	6%	77%	17%
48 months	10%	58%	32%

*The base case across all horizons is **not** that IonQ is fraudulent or that bankruptcy is imminent. The base case is that the wrapper persists for longer than bulls expect, financed by capital-markets generosity and acquisition cadence, while organic quantum compute economics remain unproven.*

6.2. Why The Distress Tail Grows With Time

The 12-month distress probability is small (5%) because IonQ is well-capitalised: the company reported $3.1 billion of cash, cash equivalents, and investments as of March 31, 2026. The pending SkyWater acquisition will consume approximately $1.0 billion of that (∼$0.8B purchase consideration plus ∼$0.2B debt repayment and transaction costs). Operating cash burn was approximately $283.2 million in 2025 and is guided to imply approximately $310–330 million of adjusted EBITDA losses for 2026.

Project the cash forward and the picture changes:



The mathematics are not subtle. If the SkyWater transaction closes at the announced terms, IonQ exits the deal with approximately $2.0 billion of liquidity. At the current operating burn rate, that runway is approximately 6–7 years. But the company's own 2025 annual report is explicit that it "expects to finance itself through existing liquidity plus equity or debt financings until it can generate significant commercialization revenue, *if ever*," and warns that "failure to raise additional funds could force it to delay, reduce, or terminate development efforts."

The acquisition cadence is the tell. A company genuinely earning organic operating leverage does not need to consume liquidity buying ordinary industrial businesses. The acquisitions are a substitute for organic traction, not a complement to it.

The Cleanest Read

If the wrapper continues to receive capital-markets acceptance, IonQ persists for years as a scaffolded construct. If the wrapper loses acceptance — because of disclosure, regulatory action, or merely because investors finally examine the underlying object — the multiple compresses, the acquisition arbitrage stops working, and the entity becomes structurally similar to other failed roll-ups dressed in technology language. We do not predict which outcome occurs at which horizon. We observe that both outcomes are bearish for current shareholders, and that the only outcome that justifies the current valuation — emergence as a genuine commercial quantum computing leader — is, on the available evidence, the least probable of the three.

7. The Fiduciary Question

> *The most damaging form of harm is the kind ordinary people cannot detect because it has been laundered through institutional structures designed to inspire their trust.*

The architecture documented in this report would be of academic interest only, were IonQ a closely-held private company or held exclusively by sophisticated investors who had performed independent due diligence. It is neither. As of the most recent available filings, IonQ is held by the Vanguard Total Stock Market ETF (VTI), the iShares Russell 2000 Growth ETF (IWO), the Defiance Quantum ETF (QTUM), the WisdomTree Quantum Computing Fund (WQTM), and numerous target-date retirement funds, model portfolios, and 401(k) default allocations. A substantial population of American retirees, savers, and workers carries economic exposure to IonQ without having affirmatively chosen to do so.

7.1. The Disconnect

The marketed identity of IonQ — a leading commercial quantum computing company, validated by U.S. government contracts, with rapid revenue growth and a category-defining technology — describes a security that, while speculative, would be defensible inclusion in a frontier-technology basket marketed to long-horizon investors who understand they are accepting volatility for the prospect of significant upside.

The economic identity of IonQ, on the public record we have documented in this report, describes something else: a stock-funded acquisition vehicle whose top line is materially composed of imported revenue from adjacent businesses, whose government revenue traces to a Congressional patronage structure that has now collapsed,

whose largest reported commercial transaction was self-financed by the seller, and whose technology was rated below the threshold of credibility by the most informed government evaluator in the field.

The Test Every Fiduciary Should Apply

Strip the company of its "quantum" label. Examine the underlying revenue, the customer concentration, the acquisition cadence, the related-party financing, and the rate of stock-funded capital deployment. Ask the question: would this entity, by these metrics, survive the screen applied to every other holding intended for ordinary people's retirement accounts? If the answer is no — and we believe it is no — then continued inclusion in retirement-adjacent products represents a labelling failure that fiduciaries have the authority and the obligation to address.

7.2. What Should Happen

Three observations, offered without prescription:

First, the question of whether IonQ should appear in actively-managed thematic funds marketing themselves as "quantum" or "frontier technology" exposure is a discretionary judgment managers can make today. The disclosures cited in this report are public. The economic identity of the company is increasingly visible from its own filings — particularly the 39% acquired-revenue and 53% three-customer-concentration disclosures. A manager who continues to hold IonQ as "quantum" exposure after reviewing those disclosures has chosen to do so.

Second, the question of whether IonQ should appear in broad-market index products is more constrained, because such products are typically rules-based. But index sponsors maintain methodology committees with explicit authority to exclude securities for cause. The rules-based defence has limits, and those limits are reached when an index holding's marketed identity diverges materially from its economic reality.

Third, plain-English disclosure to investors — of the kind that does not currently appear in any IonQ-related fund prospectus we have examined — would itself meaningfully improve the situation. A note that read *"This fund includes IonQ Inc. (IONQ); investors should be aware that a substantial portion of IONQ's reported revenue derives from acquired businesses unrelated to quantum computing, that customer concentration is high, and that the company's pending SkyWater acquisition will, if closed, materially alter its business mix"* would be neither defamatory nor speculative. It would be accurate.

Fiduciary duty does not consist of compliance with the letter of disclosure rules while structures persist that the rules were never designed to address. It consists of telling the truth to the people whose money you have been entrusted with, in language they can understand, before harm occurs.

Closing Statement

We have written this report because we believe capital markets work best when transparent. In the case of IonQ, the relationship between marketed identity and economic reality has, in our judgment, broken down. The company that came public in 2021 as a pure-play quantum computing leader has become, on the public record, a stock-funded acquisition vehicle whose premium multiple functions as an operating input, whose revenue is materially imported, and whose largest customer-validation signals trace to political patronage rather than commercial demand.

We do not assert that the underlying quantum science is fraudulent. We do not allege criminal conduct by management. We do not predict the timing or magnitude of any market reaction. We assert only that the asymmetry between what IonQ is sold as and what IonQ *is* has grown large enough that institutional fiduciaries, sophisticated investors, and ordinary retirement savers deserve to have it stated plainly. As Feynman cautioned a generation of Caltech graduates in 1974, "*the first principle is that you must not fool yourself — and you are the easiest person to fool.*" That principle applies to the company, to its analysts, to its institutional holders, to the index methodologies under which it currently shelters — and to us. The reader is now equipped to fool themselves or not, as they see fit.

Knightsbridge Advisory May 10, 2026

Primary Sources Consulted

- IonQ, Inc. Form 10-K (FY2025); 10-Qs for Q1–Q3 2025 and Q1 2026; 8-K filings including CEO transition (Feb 26, 2025) and acquisition announcements.
- Federal Procurement Data System (FPDS) entries for AFRL contracts to IonQ Inc. (FY2022–FY2024); FPDS entries for Qubitekk Inc. and Oxford Ionics North America Inc.; FPDS entry for IonQ DARPA Stage A award.
- Joint Explanatory Statements accompanying the FY2022, FY2023, FY2024 Defense Appropriations Acts; FY2025 Continuing Resolution; FY2026 Defense Appropriations Act.
- U.S. Air Force budget exhibits (R-1, R-2 forms) for FY2024, FY2025, FY2026 covering Program Element 0602788F.
- Taxpayers for Common Sense data sets on Defense Department backdoor earmarks, FY2024 and FY2025.
- Form 4 insider transaction filings for IonQ insiders (Chapman, de Masi, Kramer, Singh, Alameddine, Thomas, Cardillo, Chou).
- Lobbying registration and disclosure filings for IonQ Inc. via Clark Street Associates and downstream firms.
- *SkyWater Technology Foundry, Inc. v. Clark Street Associates, LLC*, 5:20-cv-03168 (N.D. Cal.), pleadings.
- Wolfpack Research, "IonQ Inc.: Has Lost Funding for Vital Pentagon Contracts," February 4, 2026.
- Local reporting from *Times Free Press* (Chattanooga) on the EPB Chattanooga — IonQ transaction.
- Public press releases from Reps. Ruppersberger, Tenney, Stefanik, Fleischmann; Sen. Van Hollen, referencing IonQ-related funding.
- Earnings call transcripts: IonQ Q4 2024 – Q1 2026; Morgan Stanley TMT conference (March 5, 2025).
- DARPA Quantum Benchmarking Initiative public documentation.

Full Disclaimer. This document is independent research prepared by Knightsbridge Advisory based on publicly available information and reasoned inference. It is not investment, legal, or tax advice. Knightsbridge Advisory holds no position, long or short, in IonQ, Inc. or any related security as of the publication date. Statements characterised as inferences, estimates, or judgments should be understood as such; statements of historical fact are based on sources we believe reliable but for which we make no warranty of accuracy. Readers are encouraged to consult primary sources directly and seek independent professional advice before any investment decision. Nothing herein should be construed as an allegation that IonQ, Inc. or its officers, directors, or employees has engaged in unlawful conduct; we have endeavoured throughout to distinguish documented facts from interpretation. Errors are our own.